

## Message Text

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14

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 L-03 FRB-01 OMB-01 ITC-01 SP-02

USIA-15 AGR-10 AID-05 CIAE-00 COME-00 EB-07 INR-07

IO-13 LAB-04 NSAE-00 OIC-02 SIL-01 STR-04 TRSE-00

CIEP-02 CEA-01 FEA-01 ERDA-07 DODE-00 FPC-01 H-02

INT-05 NSC-05 PM-04 SAM-01 OES-06 SS-15 ACDA-10

XMB-04 OPIC-06 PA-02 PRS-01 /172 W

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R 310810Z AUG 76

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 8870

INFO USMISSION OECD PARIS

UNCLAS TEHRAN 8781

EO 11652: NA

TAGS: ECON, EFIN, ETRD, OECD, UNCTAD, IR

SUB: CIEC: GOI MINISTER OF STATE YEGANEH COMMENTS ON NORTH/SOUTH  
DIALOGUE

1. ENGLISH LANGUAGE VERSION OF KAYHAN INTERNATIONAL FOR AUGUST  
31 CARRIES ARTICLE ON INTERVIEW WITH GOI MINISTER OF STATE  
MOHAMMAD YEGANEH ON SUBJECT OF NORTH/SOUTH DIALOGUE. YEGANEH  
STATED IN HIS PRESS CONFERENCE THAT THE OIL EXPORTING NATIONS  
WOULD NECESSARILY HAVE TO READJUST (UPWARD) PETROELUM PRICES  
TO COMPENSATE FOR WORLD INFLATION. HE SAID THAT ALTHOUGH A  
MUTUALLY ACCEPTABLE FORMULA FOR THE PROTECTION OF THE PURCHASING  
POWER OF OIL AND OTHER RAW MATERIALS HAS BEEN WORKED OUT,  
INDUSTRIALIZED NATIONS INVOLVED IN ELECTIONS AND OTHER DOMESTIC  
ISSUES REFUSED TO CONSIDER THIS FORMULA. NEVERTHELESS, THE  
PETROLEUM EXPORTING NATIONS "COULD NOT AFFORD TO SIT ON THEIR  
HANDS," WHILE INFLATION IN WESTERN COUNTRIES "KEPT EATING INTO  
OIL REVENUES."

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2. YEGANEH NOTED THAT THE PARIS NORTH/SOUTH DIALOGUE

HAD DEADLOCKED OVER TWO ISSUES: (1) REFUSAL BY THE WEST TO PUT ON THE AGENDA THE ISSUE OF PROTECTION OF PURCHASING POWER OF OIL AND OTHER RAW MATERIALS; AND (2) WESTERN REJECTION OF THE NEED TO DISCUSS THIRD-WORLD LOAN PROBLEMS. YEGANEH WENT ON TO SAY THAT HE HAD RECEIVED INDICATIONS THAT THE WESTERN COUNTRIES WERE NOW WILLING TO CONSIDER THESE ISSUES AND SAID THAT "I HOPE THIS IS THE CASE."

3. WHILE ALL PARTIES TO THE DIALOGUE HAVE INDICATED THAT NEGOTIATIONS SHOULD BE RESUMED, NEVERTHELESS, SAID YEGANEH, HE COULD NOT FORESEE AN EARLY AGREEMENT. THUS, OPEC NATIONS AND OTHER RAW MATERIAL EXPORTERS "WOULD HAVE TO RELY ON THEIR RIGHT OF UNILATERAL PRICING TO PROTECT THEIR NATIONAL INTERESTS."

4. YEGANEH SAID THAT THE OPEC AID FUND HAD ALLOCATED \$400 MILLION TO IFAD AND \$200 MILLION IN BALANCE OF PAYMENTS SUPPORT TO THE MSA'S AND ACTUAL DISBURSEMENTS SHOULD BEGIN IN A FEW MONTHS.

5. THIRD-WORLD DEMANDS FOR A BIGGER SHARE OF MANUFACTURING IN NO WAY MEANT, THE LDCS SHOULD GET RICH AT THE EXPENSE OF THE INDUSTRIALIZED NATIONS. WHILE THERE MIGHT BE SHORT-TERM LOSSES "FOR CERTAIN INTERESTS," IN THE LONG RUN INCREASED INDUSTRIAL ACTIVITY IN THE LDCS WOULD MEAN EVENTUAL LARGER PURCHASES FROM THE WEST OF MORE SOPHISTICATED HARDWARE.  
HELMS

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